

From: "Dan Brown" <danbrown@first-national.com> on 01/28/2004 04:31:05 PM
Subject: Equal Credit Opportunity

"Established 1863"

I apologize, but I don't have the docket # to refer to in my response to the Fed's request for comments on the proposed changes regarding the above subject matter.

However, I will state my concerns about this "Proposal" ("New Clear and Conspicuous Requirements for Disclosures in Regulations B,E,M,Z and DD") anyway. I hope that you consider them.

My Profile: SVP Loan Admin.; banker for 25 years; background as compliance officer for over 15 years.

Concerns & Comments:

The core of our existing disclosure requirements, particularly those relating to Regulation "Z" (TILA), was established (I think) around 1968. Since that time Congress has passed laws, and the Fed. Res. has responded by writing regulations to implement the changes over the years. The core has been expanded upon many times. The disclosures are basically the *infrastructure* of all our lending related documents. We, as legitimate bankers, have had to deal with laws and regulatory disclosures affecting lending (in particular) passed by Congress in response to the actions of a FEW predatory type lenders. I have seen the disclosure requirements build and build and build. As it is now, many loan officers themselves do not have a good grasp of the regulatory issues, nor the background as to why they exist. Consumers, rarely read the documents. We, as lenders, attempt to point out the salient factors affecting the borrower directly. The many layers of regulations affecting the lending function alone, some which appear to overlap, is staggering, not to mention those regs. that affect the deposit functions of a bank. I thought Congress directed that a study be done to simplify and minimize the regulatory burden? What happened to that effort?

Why have you chosen Regulation "P" as a template to use to build new disclosures for Reg. "B", "E", "M", "Z", and "DD"?

I feel that your wanting to *model* new disclosures after those contained in reg. "P" may be very appropriate for making disclosures for regulations "E", and "DD" more "Clear & Conspicuous", I certainly don't think that that kind of template or approach will work for Regulation "B" or "M", and CERTAINLY NOT for regulation "Z". Why is it felt that the Disclosures as they are now are not working or are not clear. Are you stating that all the years of work by our predecessors at the Fed. Res. designing regulations and sample disclosures was to

The disclosure requirements that are in-place now seem to be working fine, albeit I feel that there is some overlap, especially between HUD's Reg. "X" (RESPA) and Reg. "Z", both of which have a direct impact on the disclosures required for residential real estate lending. From my personal experience as a lender, I think that RESPA disclosure requirements should be integrated into Reg. "Z" and RESPA done away with.

As the laws and regulations are currently written, there is no format that can be designed that will make the existing disclosures more "Clear & Conspicuous" than is already in-place. Because of the way the laws and regulations are written, one cannot take them and create a *cookie-cutter* "set of Clear & Conspicuous" disclosures.

So, "If it ain't broke, why try to fix it". **If the Fed. Res. didn't take the time to create the existing disclosures right the first time, there is nothing that will convince me that the Fed. Res. will get it**

right this time.

Please do NOT make changes to the disclosures requirements as they currently exist.

Reasons NOT to change existing disclosures:

1. Cost to banks and other creditors and depository institutions for (proposed) changes will be TREMENDOUS.
2. Time is money; we bankers will have to expend an unwarranted amount of time reviewing, redesigning, re-training and etc. to accommodate the changes.
3. *There is no apparent significant direct benefit to the CONSUMER.*
4. Confusion and Chaos in the industry. At this time, with economics as they stand, NOW is not the time to make significant changes. Let the consumer recover from the (previous) downside of the Stock Market (diminished 401-k and IRS retirement hits we've all suffered), and let us all recover from the far reaching "911" effects and the war in Iraq.

Please read my suggestion below:

I have an idea about all of this! I suggest the following:

Before any changes are made to any of the existing disclosures in regulations "Z" and "B"; I feel it would behoove the Federal Reserve to assemble a consortium of all parties concerned, persons with backgrounds such as: Seasoned compliance officers of banks; seasoned consumer/residential lenders; seasoned compliance counsel of the Fed. Res. and representatives of consumer organizations. That way, everyone who has a stake in this can add input and then, when a consensus is reached to design new disclosures nobody can complain that they didn't have an active role. After all, the purpose of these disclosures is for the benefit of the consumer; if they are not clear then they don't accomplish anything other than a tremendous cost burden on creditors (lenders).

Respectfully and Concerned,
Daniel L. Brown